

CENTRAL INTELLIGENCE AGENCY  
**INFORMATION REPORT**

REPORT NO. [REDACTED]

25X1A

COUNTRY

Austria/USSR

SUBJECT

Soviet Demands on USIA-controlled  
 Factories

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SUPPLEMENT TO 39071  
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1. A representative of König und Bauer, machine factory, Mödling, Lower Austria, informed the Lower Austrian Chamber of Commerce that the Soviet factory management recently demanded that certain machinery in the plant be signed over to the Soviets as security for unpaid debts to the Soviet Military Bank. The Austrian directors managed to defer the measure temporarily. Since similar action is rumored to be taking place in other USIA firms, the Lower Austrian Chamber of Commerce is attempting to collect further data.

25X1A

**Comment:** Reports indicate that there is concern in Austrian Government circles regarding the continuing accumulation of debts which USIA enterprises are incurring toward the Soviet Military Bank. In the Ministry of Property and Economic Planning it is maintained that, although the majority of USIA companies have reserves comprised of raw materials, they are obliged to apply for loans to the Military Bank, because USIA Hq prohibits any sales of raw material reserves. The existing stocks of raw materials in these USIA companies would cover the debts to the Military Bank, since their value has been estimated to total 150,000,000 schillings. However, if these concerns were to be forced to sell their reserves of raw material to USIA at a reduced figure, they would find themselves so greatly in debt to the Military Bank that they could easily be thrown into bankruptcy. It is feared by responsible government officials that the conclusion of an Austrian Treaty will be followed by new Soviet claims for the settlement of debts of an unpredictable amount, incurred through the aforementioned Soviet measures by USIA-controlled Austrian enterprises toward the Soviet Military Bank and USIA Hq. Austrian officials hope that, during the London negotiations, steps will be taken to circumvent any Soviet maneuvers of this nature.)

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